

The Gazette of India



EXTRAORDINARY
PUBLISHED BY AUTHORITY

NEW DELHI, MONDAY, NOVEMBER 17, 1947

GOVERNMENT OF INDIA
MINISTRY OF INDUSTRY & SUPPLY
RESOLUTION

New Delhi, the 17th November 1947

No. 83(2)-Tex.I/47.—In February 1947 the Government of India appointed an *ad hoc* departmental Committee to investigate facts bearing on the prices of cotton textiles and to recommend measures necessary for increasing the production of yarn and cloth. This Committee prepared a scheme for the standardization of production devised to increase output, by reducing types and varieties of cloth and yarn produced by the Mills, and lowering the average counts reduced. This scheme has found general support and has been endorsed by the Commodities Prices Board. The Committee also recommended a revision of the existing price structure which is stated to have rendered the production of coarse yarn and cloth unremunerative on account of increases in prices of Indian raw cotton and in wages. The Commodities Prices Board were, however, of the view that an adequate case had not been made out for an increase in prices of coarse cloth and yarn, and also that if any adjustment was necessary it should be brought about through a scheme like the constitution of an Equalisation Fund hereby a levy on fine varieties might be utilised to subsidise coarse and medium varieties.

2. Government have given careful consideration to the recommendations of the *ad hoc* Committee, which were admittedly based on a rapid investigation and subject to view, and the views of the Commodities Prices Board. It has also taken note of the weight of public opinion against any increase in prices of coarse and medium cloth till it is established that such an increase is absolutely necessary and will not result in excessive profits to sections of the Industry.

The Government of India have, therefore, decided that

(i) the standardization scheme as finally devised on the recommendations of the *ad hoc* Committee should be put into force on the 1st December 1947, and its introduction completed before the 31st December 1947;

ii) the question of prices should be referred to the Tariff Board; and

iii) an Equalisation Fund should be started with effect from 1st December 1947, to which will be credited:

(a) the difference between existing ex-mill prices of fine cloth and the lower prices which the *ad hoc* Committee considered to be fair,

(b) the amount now being paid as quota-holders' subsidies. The Government have decided to reduce this amount from 1st January 1948, and

(c) the amount on a sliding scale on "free" yarn sold by

It is estimated that the Standardization Scheme will increase production by about eight hundred million yards of both mill-made and handloom cloth.

In consideration of the Report of the Tariff Board, the Government decide that the prices of any types or varieties of yarn require to be increased, the mills will be

paid such prices with retrospective effect for all cloth and yarn delivered under the Standardization Scheme after 1st December 1947. Such payments will, however, be on condition that certain targets set for production are achieved. If in any particular case production falls short of the target due to circumstances which Government are satisfied were beyond the control of the mill concerned, such a case will receive special consideration. Government will also consider the question of making some payments "on account" wherever they are satisfied that this is necessary in the interest of maintenance of production.

3. The Government of India have also decided to set up Regional and Unit Production Committees consisting of representatives of labour and industry, to ensure that there is no wastage or leakage of cloth and yarn at the mill-end and that labour fully co-operates in the production programme of the mills.

4. A further increase of about eight hundred million yards could be secured if labour will agree to work one hour longer each shift where only two shifts are worked. For this purpose Government will endeavour to secure the co-operation of leaders of labour. Government are conscious that the recent reduction of working hours from 9 to 8 was a progressive measure, but trust that in view of the present national emergency and the great shortage of cloth in the country, labour will take a patriotic and national view of the proposal that the working day should be slightly lengthened as a temporary measure. Such overtime will, of course, be remunerated on the accepted scale. Government also propose to promote labour welfare measures through Provincial or State Governments or other suitable authorities, with contributions from the Equalisation Fund referred to earlier, at all mills which work two shifts of 9 hours each, or three shifts.

5. The terms of reference to the Tariff Board will be as follows:—

(1) To enquire into the cost of production of the various types of cloth and yarn produced, and to recommend fair ex-mill prices to be paid for cloth and yarn, with special reference to the changes created by the introduction of the Standardization Scheme.

In making their recommendations, the Board will keep in mind the desirability of maintaining the production of all mills at the maximum level, while at the same time ensuring that the profits of the more efficient units will not thereby become excessive. If the Board consider that it would be impracticable to settle a level of prices which would balance these two requirements, they may consider whether prices cannot be kept down to reasonable levels with a subsidy or similar relief to sections or units of the Industry whose production cannot otherwise be maintained. If special circumstances apply to mills engaged in the production of yarn alone, the Board will take those circumstances into consideration when making their recommendations.

(ii) To advise on the adjustments to be made from time to time to the ex-mill prices recommended by them for cloth and yarn, so as to allow for fluctuations in the prices of raw cotton and in other elements of the cost of production.

(iii) In the event of subsidy or other relief being recommended for certain sections or units of the Industry under (i) above, to suggest ways and means of finding the necessary funds.

(iv) To recommend in what terms the co-operation of labour should be secured in order to increase production and eliminate waste or leakage.

(v) To advise Government generally on the existing ~~system of control~~ or production and distribution of cloth and yarn, and on its continuance.

The Board are requested to submit their report in two parts—the first relating to the terms of reference numbered (i) to (iii) above and the second to the remaining terms of reference. The first of these reports should be submitted within a period of about three months subject of course

to the Board being satisfied that reasonably accurate findings can be arrived at within this period.

6. The Government of India wish to take this opportunity to appeal to both the textile industrialists and labour employed in the industry for full co-operation for the successful implementation of the decisions herein published.

ORDER.—Ordered that a copy of the above Resolution be communicated to all Provincial Governments and Administrations, all Ministries of the Government of India, the Indian Trade Commissioners, all Indian Embassies, the High Commissioner for India, London, His Majesty's Trade Commissioner in India, all Chambers of Commerce and Associations, all Cotton Textile Mills, the Director General of Commercial Intelligence and Statistics, Calcutta, the High Commissioner for India in Pakistan, Karachi, the High Commissioner for Pakistan in India, New Delhi, and the Secretary, Indian Tariff Board.

Ordered also that it be published in the *Gazette of India*

S. A. VENKATARAMAN, Secy